

How do parental welfare work requirements affect children?

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Although paid family leave can provide needed income for families after a birth, workers with less education and lower wages—those with the greatest need—are the least likely to have access to paid leave. One alternative that may be available to low-income families is cash assistance through Temporary Assistance to Needy Families (TANF). Welfare reform legislation of 1996, called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replaced Aid to Families with Dependent Children (AFDC) with TANF, which added work requirements for those receiving cash assistance to reduce single mothers' dependence on cash assistance and increase their labor force participation. TANF rules vary by state. In some states the work requirement applies almost universally, even to parents of newborns. While research has shown that welfare reform, which also limited benefit receipt to five years, has been moderately effective at reducing welfare participation and increasing employment for single mothers, and has influenced a variety of adult outcomes including material well-being, marriage and divorce, fertility, and health, less attention has been paid to effects on child well-being.¹ The work I describe in this article adds to the literature by looking at the effects of TANF work requirement policies on young children.² Specifically, I make use of variation in the amount of time that women are exempt from TANF's work requirements in order to care for an infant or toddler, to assess the causal effects of such requirements on the cognitive development of disadvantaged children. This analysis is also relevant to the discussion of the effects of paid leave on mothers' post-birth employment and on child well-being.

Women's labor force participation and TANF work requirements

As Figure 1 shows, women's labor force participation rose steadily from 43 percent in 1970 to a high of 60 percent in 1999, then decreased slightly to 57 percent in 2017. Mothers, particularly those with young children, have experienced an even steeper rise. Some of this increase can be attributed to welfare reform, in particular the imposition of work requirements on those receiving cash assistance. While work requirements did exist under AFDC, most recipients were exempt from these rules. Under TANF, however, approximately 60 percent of adult recipients are subject to work requirements. Those who are subject to these requirements must participate in work-related activities for

at least 30 hours per week; these activities could include subsidized or unsubsidized employment, job training, GED or postsecondary course-taking, or community service. Many of the families subject to work requirements are also balancing the need to care for young children; nearly half of all children in families receiving TANF benefits are under age 6. Because these early years of life are critical for children's cognitive and social-emotional development, it is important to understand the effect on children's well-being of increases in early maternal employment resulting from welfare work requirements.

Past research on early maternal work and child well-being

There is a large literature on the relationship between early maternal employment and child development. In general, this research finds that mothers' employment in the first year after birth has negative effects on children, while employment in subsequent years has neutral or even positive effects.³ However, most studies use economically diverse samples, making the results less applicable to low-income families. Another concern is that working and nonworking mothers may differ in ways that influence children's cognitive ability, so that differences in child outcomes between the two groups may not be attributable to employment itself, but to unobserved characteristics. Therefore, results from the early maternal employment literature may not be entirely informative about how welfare work requirements influence child well-being.

Evidence from previous welfare reform research indicates that such reforms may have had negative effects on child well-being. For example, an early study of PRWORA that examined the relationship between various welfare reforms

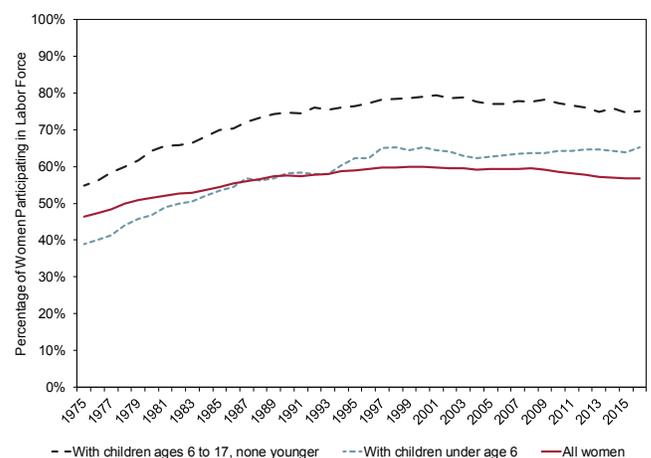


Figure 1. Women's Labor Force Participation, 1970 to 2017.

Source: U.S. Bureau of Labor Statistics, Current Population Survey, 1975–2016 Annual Social and Economic Supplement.

and several measures of child maltreatment found that the implementation of a work requirement immediately upon applying for benefits is associated with an increase in the number of children placed in foster care.⁴ Another early study found that moderate to strict work requirements are associated with reductions in breast feeding.⁵ A more recent study looked directly at the effects of welfare reform as a whole on child well-being, finding small declines in the use of prenatal care during the first trimester and increases in the incidence of low birth weight.⁶ Finally, an evaluation of the effects of how much time children spent in child care rather than with their mothers as a result of welfare reform found that each year of work and childcare exposure reduced children's scores on mental ability tests by 2.1 percent.⁷ Although this work consistently finds negative effects of welfare reform—and therefore perhaps of work requirements—it does not isolate the effects of work requirements from those of the many other policy changes implemented under welfare reform.

Age-of-youngest-child exemption

States have the authority to grant exemptions from work requirements for a variety of reasons, including to allow mothers to remain at home to care for an infant or toddler. Collectively these provisions are known as age-of-youngest-child exemptions (or AYCEs). Prior to the PRWORA, most states set this exemption at 36 months, meaning that mothers could receive cash assistance without having to fulfill the work requirement until the youngest child was 3 years old. The 1996 welfare reform legislation gave states much more flexibility in deciding whether and for how long to exempt mothers with young children from participating in work-related activities. This both reduced the average, and increased variation, in the length of the exemption across states. The analysis described here makes use of this variation across states to examine the effects of welfare work requirements on mothers' labor market involvement early in their children's lives, and the effects of such early work on children's well-being.

Figure 2 summarizes state provisions for AYCEs for the first child as of 2001, the year of birth for children included in the study described here. Table 1 details AYCE provisions in all 50 states and the District of Columbia. Of the 50 states and the District of Columbia, four do not provide an exemption to care for a young child, 19 provide an exemption for mothers of children under 12 months of age, and 28 provide an exemption for mothers of children between 12 and 24 months. In addition, 13 states give shorter exemption periods (in all but one case, no exemption at all) for children born after the first child. Finally, three states specify a lifetime limit of 12 months of exemption for which mothers are eligible; in these states, the age-of-youngest-child exemption ends at 3 or 4 months.

Assessing the effect on child well-being of welfare work requirements for parents of infants

I use data from the Birth Cohort of the Early Childhood Longitudinal Study, a large nationally representative study

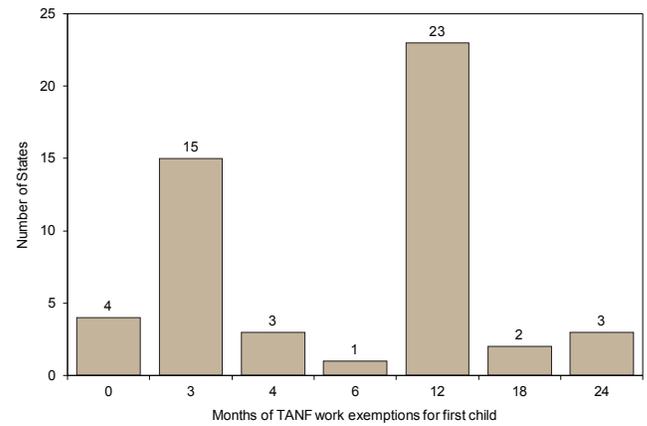


Figure 2. States' exemptions from TANF work requirements to care for a young child, for first child.

Source: Urban Institute, *The Welfare Rules Database*. <http://anfdata.urban.org/wrd/Query/query.cfm>.

of children born in 2001, to estimate the effect of increases in early maternal employment as a result of TANF work requirements on children's cognitive skills and other measures of family well-being. I divide the sample into those who are potentially eligible for welfare and those who are not, based on mothers' educational attainment and marital status.

The child outcomes I examine are a measure of children's early cognitive ability (assessed when the child was 9 and 24 months old) and teacher-reported behavior assessments done when the child was 5 years old. The cognitive ability outcome measures memory, preverbal communication, vocabulary, reasoning and problem solving, and concept attainment. In addition to estimating the effects of increases in mothers' employment as a result of work requirements on child well-being, I investigate some of the possible mechanisms by which these effects may operate. I do this by assessing family income and material resources, maternal health, parent-child interactions and parental time investments, and participation in nonparental childcare. While early maternal employment could increase family income, it is also possible the income available to invest in child development remains flat or even declines as welfare benefits are phased out and some resources must be used to pay for work-related expenses. Work requirements could also decrease the quantity and quality of maternal time spent with children, while simultaneously increasing the amount of time children spend in lower quality nonmaternal care. Finally, given that women who are eligible for welfare often have little work experience or job skills, and may have substance abuse or mental health issues, maternal physical and mental health could be negatively affected if work requirements are inflexible or if support services are lacking.

How does the length of exemption from work requirements affect child well-being?

I find first that decreases in the number of AYCE months are strongly related to mothers' employment decisions, in particular increasing both the probability of a mother

Table 1
Summary of U.S. Age-of-Youngest-Child Exemption Policies for 2001, from Most to Least Generous

Exempt from TANF Work Requirements:	States	
Until youngest child is 24 months old (3 States)	Massachusetts New Hampshire	Texas
Until youngest child is 18 months old (2 states)	Vermont Virginia	
Until youngest child is 12 months old (9 states and D.C.)	Colorado Connecticut Washington, D.C. Illinois Kansas	Minnesota Missouri Ohio Rhode Island South Carolina
Until first child is 12 months old, and subsequent children are 6 months old (1 state)	West Virginia	
Until first child is 12 months; no exemption for subsequent children (12 states)	Alaska California Georgia Kentucky Louisiana Maine	Maryland Mississippi Nevada New Mexico North Carolina Pennsylvania
Until youngest child is 6 months old (1 state)	Hawaii	
Until youngest child is 4 months old (2 states)	North Dakota Tennessee	
Until youngest child is 4 months old, lifetime limit of 12 months exempt (1 state)	Washington	
Until youngest child is 3 months old (13 states)	Alabama Arkansas Delaware Florida Indiana Iowa Michigan	Nebraska New Jersey New York Oregon South Dakota Wisconsin
Until youngest child is 3 months old, lifetime limit of 12 months exempt (2 states)	Oklahoma Wyoming	
No Exemption (4 states)	Arizona Idaho	Montana Utah

Source: Urban Institute, The Welfare Rules Database, accessed February 5, 2018 at <http://anfdata.urban.org/wrd/Query/query.cfm>.

working during the first year after childbirth, and the number of months employed. For example, each one-month reduction in the age-of-youngest-child exemption increases the amount of work by nearly half a month.

Looking next at child outcomes, I find that children’s cognitive ability scores are lower among children of working mothers, with the effect of an additional 3 months of maternal work equivalent to one-third of the test score gap between children from the bottom and top quartiles of family socioeconomic status. I also find adverse effects in the second year after childbirth, although they fade by the time of entry into kindergarten.

Although I find that any maternal return to work during the first year of life is associated with negative effects on children’s cognitive development, the timing of a return to work does matter. Later returns to work result in smaller test-

score reductions, but only until about the eighth month of life, after which the negative effects remain stable. Starting work during the fourth quarter of a child’s first year of life produces substantially smaller negative test score effects than doing so during the first or second quarters.

Teacher reports of behavior outcomes were collected at age 5. The reports measured aggressive and impulsive behaviors, friendly and empathic behaviors, whether the child was attentive in school, happiness, worrying, and shyness. I find fairly consistent evidence that early maternal work is associated with worse behavior, less happiness, and more worrying, but none of these effects were statistically significant.

There are some differences by subgroup in how early maternal work affects cognitive ability. Among white children, having a mother employed at any time during

the first year of life reduced cognitive test scores by 14.4 percent, compared to a 4.2 percent decrease among African American and Hispanic children. Among children with low birth weight, any employment in the first year lowered test scores by 24.1 percent, compared to a 3.2 percent reduction for children of normal birth weight; this suggests that early maternal work may exacerbate the adverse effects associated with low birth weight. Finally, I find that first-year employment is associated with larger negative effects for children whose mothers had not worked prior to childbirth (11.2 percent) than those with mothers who had worked (7.4 percent). It may be that women who worked prior to the birth of their child experience fewer family disruptions and find it easier to transition back to work than do those who have not worked prior to childbirth.

What are the mechanisms through which maternal employment affects child outcomes?

Finally, I explore the means by which early maternal employment could result in negative child outcomes. Increases in family income may improve the physical and mental health of both parents and children, and could allow parents to invest resources in goods and services that enhance child well-being. While I could not directly measure family income in this study, I find that shorter exemption times (that is, more months subject to welfare work requirements) were associated with a lower likelihood of the family falling below the federal poverty threshold during the first year of the child's life. The finding that reductions in welfare work exemptions are associated with both negative cognitive outcomes for children and lower poverty rates appears inconsistent with earlier work that showed increases in family income to be associated with improvements in cognitive ability.⁸ However, it is possible that families with incomes just above the poverty line still have insufficient incomes to improve the child's cognitive ability. The other mechanisms described below may explain the connection between maternal work and children's cognitive ability.

Looking at mothers' health outcomes, I find no effects of early work on overall health, but there is suggestive evidence of an increase in symptoms of depression. With regard to the relationship between mother and child, working mothers are less likely to breastfeed and read to their children, and more likely to report increased behavioral difficulties, including that their child "demands attention and company constantly" or "needs a lot of help to fall asleep."

Finally, children of working mothers are more likely than children of nonworking mothers to receive childcare through informal arrangements than through center-based care. This suggests that mothers are utilizing convenient and affordable childcare options in order to fulfill work requirements. Recent work suggesting that informal childcare settings may have negative effects on early test scores while formal settings have neutral or positive effects corroborates the possibility that nonparental childcare may be a mechanism through which work requirements influence child outcomes.⁹

Policy implications

A series of welfare policy reforms that began in the late 1980s and continued into the 2000s moved the United States toward a work-based safety net, where eligibility for public benefits is increasingly conditional on maintaining an attachment to the labor market. Policies such as work requirements, time limits, and childcare subsidies have been shown to be effective policy levers for increasing employment. However, as this analysis illustrates, there are unintended consequences for young children of basing receipt of public supports on work. Any assessment of the success of such policies must consider not only the benefits of increased maternal employment, but also the costs associated with reduced child well-being. Given the recent interest among policymakers in adding work requirements to other safety net programs such as the Supplemental Nutrition Assistance Program and Medicaid, such requirements are likely to become more prevalent. Understanding the full impact of these policy shifts is thus of particular importance in the current landscape.■

¹For an extensive review of the welfare reform literature, see J. Ziliak, "Temporary Assistance for Needy Families," in *Economics of Means-Tested Transfer Programs in the United States, Volume 1*, ed. R. A. Moffitt (Chicago: University of Chicago Press, 2016).

²This article draws on C. M. Herbst, "Are Parental Welfare Work Requirements Good for Disadvantaged Children? Evidence from Age-of-Youngest-Child Exemptions," *Journal of Policy Analysis and Management* 36, No. 2 (2017): 327–357.

³See, for example, J. Waldfogel, W.-J. Han, and J. Brooks-Gunn, "The effects of early maternal employment on child cognitive development," *Demography* 39, No. 2 (2002): 369–392.

⁴C. Paxson and J. Waldfogel, "Welfare Reforms, Family Resources, and Child Maltreatment," *Journal of Policy Analysis and Management* 22, No. 1 (2002): 85–113.

⁵S. Haider, A. Jacknowitz, and R. Schoeni, "Welfare Work Requirements and Child Well-Being: Evidence from the Effects on Breast-Feeding," *Demography* 40, No. 3 (2003): 479–497.

⁶R. Kaestner and W. Lee, "The Effect of Welfare Reform on Prenatal Care and Birth Weight," *Health Economics* 14, No. 5 (2005): 497–511.

⁷R. Bernal and M. P. Keane, "Child Care Choices and Children's Cognitive Achievement: The Case of Single Mothers," *Journal of Labor Economics* 29, No. 3 (2011): 459–512.

⁸See, for example, G. Dahl and L. Lochner, "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit," *American Economic Review*, 102 (2012): 1927–1956.

⁹See, for example, Bernal and Keane, "Child Care Choices and Children's Cognitive Achievement."